

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, October 9, 1997, 9:00 a.m.

UAC Offices, 4021 South 700 East, Suite 180, Salt Lake City

A G E N D A

9:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of August 28, 1997, Minutes	Gary Herbert
	Introduction of Loss Control Manager, Shawn Guzman	Brett Rich
	Appoint Trustee to Fill the Unexpired Term of Curtis Dastrup	Gary Herbert
	Director's Report	Brett Rich
	Summary of August 1997 Financial Statements	Brett Rich
	Broker's Report	John Chino
	Debenture Loans Schedule Plan	Brett Rich
	Equity Plan	Brett Rich
	Inverse Condemnation Endorsement	Brett Rich
	Board Position on Additional Premiums for Mid-term Exposures	Brett Rich
12:00	Lunch Break	
	1998 Accounting Contract	Brett Rich
	Review and Approval of 1998 Budgets	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business <i>1. new member meeting</i>	Gary Herbert
1:00	Adjourn	



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UACIM BOARD OF TRUSTEES MEETING M I N U T E S

October 9, 1997, 9:00 a.m., Utah Association of Counties Offices

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Monte Munns, *Secretary*, Box Elder County Assessor-Treasurer
Chad Johnson, Beaver County Commissioner
Ty Lewis, San Juan County Commissioner
Sarah Ann Skanchy, Cache County Council Member

BOARD MEMBERS ABSENT

Tony Dearden, *Treasurer*, Millard County Commissioner
Ed Phillips, Millard County Sheriff

OTHERS PRESENT

Kent Sundberg, Chairman, Litigation Management Committee
Brett Rich, Director, UACIM
Shawn Guzman, Loss Control Manager
Sonya White, Executive Assistant
Rich Stokluska, GRMS Account Executive
Doug Alexander, McLaren's Toplis Claims Administrator

CALL TO ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW OF BOARD MEMBERS ABSENT

Ed Phillips phoned the UACIM staff and requested that the Board excuse him from this meeting, he will be on vacation. Tony Dearden did not contact the UACIM staff. Ann Skanchy made a motion to excuse Ed from this meeting. Chad Johnson seconded the motion, which passed unanimously.

APPROVAL OF AUGUST 28, MINUTES

The minutes of the Board of Trustees meeting held on August 28, 1997 were previously sent to the Board Members for review. Ann Skanchy requested that the word *bared* be corrected to *based* on page two under surplus requirements of the director's report. Rich Stokluska requested that the final sentence in the broker's report read: *During negotiations, Gallaghers was able to maintain the attachment point, lower the excess premium amount by \$3000 and secure additional coverages in the areas of pollution, builders risk and inverse condemnation to coincide with UACIM's member agreement.* Ty Lewis made a motion to approve the minutes as corrected. Monte Munns seconded the motion, which passed unanimously.

INTRODUCTION OF LOSS CONTROL MANAGER

Brett Rich introduced Shawn Guzman, who was hired as the UACIM Loss Control Manager. Shawn is an attorney and has been in private practice for the last year and a half. He has experience in the areas of civil rights, personnel law, municipalities, land use and law enforcement. He has the people skills necessary to deal with the member counties. The Board welcomed Shawn to this new position.

APPOINT TRUSTEE

Due to the resignation of Curtis Dastrup as Duchesne County Commissioner, Ty Lewis made a motion to appoint John Swasey, Duchesne County Commissioner, to fill Curtis' unexpired term on the UACIM Board. Chad Johnson seconded the motion, which passed unanimously. Ty made a motion to nominate the existing trustees, up for re-election, for vote at the November annual meeting. Monte Munns seconded the motion, which passed unanimously.

DIRECTOR'S REPORT

ADVISORY COMMITTEE: Brett Rich reported that the Committee met in Provo on August 29 and at Ruby's Inn on September 25. The Committee recommends that the Trustees consider revising the existing Special District policy statement to cover, for a fee, districts not qualifying. The district would not be a member of the Mutual, but would be given the opportunity to purchase coverage through the Mutual. The Board was concerned with the affect this may have on the program. Ty Lewis made a motion directing Brett to research the feasibility of this recommendation with Gallagher, to begin verifying the districts currently listed as qualifying for coverage and report to the Board at the next meeting. Chad Johnson seconded the motion, which passed unanimously.

The Committee recommended that the Trustees authorize an independent review of the UACIM program and begin the Request for Proposal (RFP) process. Brett explained he requested a list of consultants from the Public Risk Management Association (PRIMA), that he and the Committee reviewed. Three companies have given approximate bids ranging from \$15,000 to \$50,000—the Committee recommends that the Trustees look at a range from \$15,000 to \$20,000 paid by UACIM. The Trustees had mixed feelings whether a review would be truly independent and if it was worth the money, yet they felt that an internal audit every five years is a good idea. Ty Lewis made a motion directing Brett to prepare and send a RFP. Monte Munns seconded the motion, which passed unanimously.

PREMIUMS: Brett explained that when the 1998 premium contributions were determined at the August 28, 1997 Board meeting, the Board requested a comparison of the 1997 Loss Fund to the 1998 Loss Fund. Rich Stokluska reviewed the formula used to calculate the Loss Fund portion of the premiums. Brett noted that the premium amount, presented to the Board in August, for Box Elder County was incorrect. Jerry Hess made a motion to ratify the correction to the Box Elder County premium. Chad Johnson seconded the motion, which passed unanimously. Next year the Board would like to discuss whether to change the premium contribution formula to reflect a 5% cap on the loss fund but not again on the total contribution.

ADDITIONAL EARTHQUAKE & FLOOD (DIC) PREMIUMS: Brett explained that the total premium for the ten participating member counties for the \$20 million additional DIC coverage is \$36,000 for the 1998 policy year. Ann Skanchy made a motion to approve the additional DIC coverage and premium as presented. Chad Johnson seconded the motion, which passed unanimously.

ADDITIONAL LIABILITY PREMIUMS: Rich Stokluska reviewed the formula used to calculate the additional \$1 million excess liability premium for the 1998 policy year. All member counties are participating for this additional coverage. Chad Johnson made a motion to approve the additional liability coverage and premium as presented. Jerry Hess seconded the motion, which passed unanimously.

INSURANCE DEPARTMENT: Brett met with Larry Whitlock of the State Insurance Department to present the August financial statements showing that the Mutual has met and passed the State's requirement for surplus. Because the State does not receive copies of the monthly financial statements, Mr. Whitlock wanted to review the September Quarterly Statements for the third quarter and the Risk Based Capitol (RBC) calculations before making any decisions relating to the exemption hearings and debenture monies. Brett hopes to have a decision prior to the November membership meeting. Brett explained that he submitted the Certificate of Authority Application for an Amendment to the Insurance Department but has received notice that UACIM must return the original Certificate of Authority before the Amended Certificate could be issued.

SUMMARY OF AUGUST 1997 FINANCIAL STATEMENTS

Brett Rich reviewed the financial statements for the month ending August 1997 with the Board. Surplus has increased approximately \$45,000 from the June statements. Brett pointed out that if surplus continues to grow at this rate, UACIM would have over \$2 million in surplus by the end of next year.

BROKER'S REPORT

Rich Stokluska explained that he has been working with the underwriters in identifying those member county properties that are in a Flood Zone A (based on FEMA mapping). There are restrictions in the policy for Flood Zone A locations and those properties must be placed with the National Flood Program. The counties affected are Davis, Grand and Uintah. Depending on updated FEMA maps and what the properties are; an exception from purchasing the National Program may be possible. The Board directed Brett and Shawn Guzman to analyze the data for accuracy and report to the Board at the next meeting.

Rich is also working on determining coverage for the Uintah County Care Center, which has premises, nurses' professional and medical malpractice exposures. This risk may need to be placed outside of the program but Rich is waiting for additional information from the county to pursue the coverage options.

DEBENTURE LOANS SCHEDULE PLAN

Brett Rich explained to the Board that he does not have a draft plan to present to the Board at this time. He is waiting until the State Insurance Department takes official action on the status of the surplus before preparing a plan. He will report his progress at the next meeting.

EQUITY PLAN

Pursuant to the Board's request, a copy of the proposed Equity Plan was previously sent to the Board for review. Jerry Hess made a motion to adopt the equity plan without the optional language contained in the last paragraph. Such optional language would have allowed the Board to refund surplus to an involuntarily terminated member. Ann Skanchy seconded the motion, which passed unanimously.

INVERSE CONDEMNATION ENDORSEMENT

Brett Rich explained the current language of the Great American policy concerning inverse condemnation. In one section of the policy, inverse condemnation is covered, then in another section it is specifically excluded. UACIM could continue to rely on interpretation or submit language to clarify the coverage. Brett prepared the following endorsement for submission to the underwriters: *This endorsement modifies insurance provided under the following: Commercial General Liability Coverage Part, and Public Officials Liability Coverage Form, as follows: Effective on January 1, 1997, coverage for inverse condemnation shall be amended to provide defense only, up to a maximum limit of \$25,000 per occurrence. This policy statement and coverage of defense costs for inverse condemnation shall not waive other defenses to coverage that may exist.* Ty Lewis made a motion to approve the endorsement as written and submit it to Great American for review and incorporation into the policy.

BOARD POSITION on ADDITIONAL PREMIUMS for MID-TERM EXPOSURES

Brett Rich reviewed draft language relating to a resolution adopting a policy concerning mid-term premiums for newly acquired properties. Monte Munns made a motion to adopt the resolution as written. Jerry Hess seconded the motion, which passed unanimously.

1998 ACCOUNTING CONTRACT

Brett Rich met with Ray Bartholomew, Squire & Company, in order to renegotiate the accounting and auditing contract. Mr. Bartholomew quoted \$25,000—\$7,000 more than last year and not including the quarterly and annual filings. Monte Munns made a motion directing Brett to begin the RFP process for the UACIM accounting, auditing and filing. Chad Johnson seconded the motion, which passed unanimously.

REVIEW of 1998 PROPOSED BUDGETS

Brett Rich presented the proposed 1998 UACIM budget to the Board and, in the absence of Brent Gardner, presented the 1998 UACIM administrative budget. The Trustees had several questions relating to the increase in administrative expenses and therefore scheduled a meeting on October 30, to review the budget with Brent. Since the administrative budget was not adopted, the UACIM budget could not be adopted. The Board agreed that a policy should be adopted to negotiate the annual administrative budget with the Utah Association of Counties (UAC).

SET DATE AND TIME FOR CLOSED MEETING

Chad Johnson made a motion to set the date and time for a closed meeting to begin at 12:50 p.m. on October 9, 1997, to discuss the character, professional competence or physical or mental health of an individual. Monte Munns seconded the motion, which passed unanimously.

Ty Lewis made a motion to conclude the closed meeting at 1:10 p.m. on October 9, 1997. Chad Johnson seconded the motion, which passed unanimously.

SET DATE AND TIME FOR CLOSED MEETING

Monte Munns made a motion to set the date and time for a closed meeting to begin at 1:40 p.m. on October 9, 1997, to discuss pending or reasonably imminent litigation. Chad Johnson seconded the motion, which passed unanimously.

Ann Skanchy made a motion to conclude the closed meeting at 1:50 p.m. on October 9, 1997. Chad Johnson seconded the motion, which passed unanimously.

OTHER BUSINESS

The Marshall & Swift appraisal software is up for renewal, but UACIM did not assist any member counties with their appraisals for the 1998 policy renewal. Therefore, the Board opted not to renew.

The Board will decide on the content of the November membership meeting at the next meeting

The next meeting of the Board of Trustees will be held Thursday, October 30, 1997, at 10:00 a.m. in the Utah County Commission Conference Room in Provo.

SET DATE AND TIME FOR CLOSED MEETING

Monte Munns made a motion to set the date and time for a closed meeting to begin at 1:55 p.m. on October 9, 1997, to discuss the character, professional competence or physical or mental health of an individual. Jerry Hess seconded the motion, which passed unanimously.

A motion was made to conclude the closed meeting at 2:10 p.m. on October 9, 1997. The motion was seconded and passed unanimously.

AFFIDAVIT OF GARY R. HERBERT

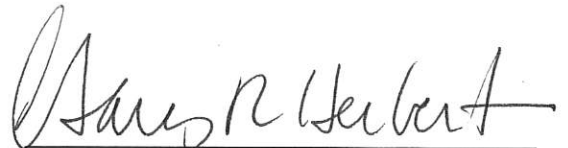
STATE OF UTAH)
 :ss
COUNTY OF SALT LAKE)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 9th day of October, 1997, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.


FURTHER, Affiant saith not.

DATED this 9th day of October, 1997.



GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 9th day of October, 1997, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



NOTARY PUBLIC
Salt Lake, Utah
My Commission Expires: 1/31/98

UACIM MEMBER EQUITY PLAN

It is understood that the surplus in UAC Insurance Mutual shall be attributable to the members as equity. Equity in the Mutual shall be used to satisfy the surplus requirements of the Utah Insurance Code, and any other applicable regulation, and next to repay the debentures after which repayment equities may be available for distribution to the members at the discretion of the Board of Trustees.

Member equities in UACIM shall be calculated as follows:

1. The ratio of each member's contributions to the total contributions shall be computed for each fund year.
2. The member's contribution ratio shall be multiplied by the total surplus, (less any borrowed surplus), attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in UACIM.
3. In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
4. In the event of a voluntary withdrawal or an involuntary termination of membership, ~~a the withdrawn or terminated member will~~ shall lose and have no claim to any equity in UACIM. The equity formerly attributed to that member for each fund year shall be ~~redistributed~~ allocated to the remaining counties who were members during that fund year. **(OPTIONAL:)** In the event of an involuntary termination, the UACIM Board of Trustees may, in its sole discretion, allow the terminated member to either receive or retain all or part of its previously allocated equity. However, in no event shall the terminated member receive equity attributable to any period following the date of termination.
5. The Board of Trustees in its sole discretion shall determine if and when equity is distributed.

UAC INSURANCE MUTUAL

LOSS FUND

COUNTY	1994	1995	1996	TOTAL	%	COMPARE 1996	LESS ADJUSTMENTS	ADJUSTED LOSSES	AVERAGE LOSSES	1997 LOSS FUND	1998 LOSS FUND	without 5% cap
Beaver	7,397	20,453	89,553	117,403	3.5	91,394	20,000	97,403	32,468	27,603	28,983	61,983
Box Elder	55,863	69,449	19,279	144,591	4.3	-265,402	5,000	139,591	46,530	119,863	113,870	88,829
CACHE	151,960	18,864	110,080	280,904	8.3	-23,911	116,955	163,949	54,650	134,358	127,640	104,330
Davis	163,585	98,027	179,445	441,057	13.0	-85,284	94,696	346,361	115,454	169,250	177,713	220,408
Duchesne	30,774	17,714	26,384	74,872	2.2	-76,714	0	74,872	24,957	51,333	48,766	47,645
Emery	83,281	13,032	77,710	174,023	5.1	39,129	67,367	106,656	35,552	122,436	116,314	67,871
Garfield	2,477	27,500	12,354	42,331	1.2	26,416	2,500	39,831	13,277	35,792	34,002	25,347
Grand	2,938	2,858	34,086	39,882	1.2	-38,840	0	39,882	13,294	54,228	51,517	25,379
Iron	129,051	30,411	2,917	162,379	4.8	-381,784	96,582	65,797	21,932	98,630	93,699	41,870
Juab	69,346	5,631		74,977	2.2	-2,500	9,110	65,867	21,956	50,019	47,518	41,915
Kane	7,777	6,992	21,000	35,769	1.1	15,341	0	35,769	11,923	30,804	29,264	22,762
Millard	21,738	109,783	40,833	172,354	5.1	130,665	33,230	139,124	46,375	43,003	45,153	88,532
Plute	0	0	2,250	2,250	0.1	2,250	0	2,250	750	6,686	6,352	1,432
Rich	1,630	1,599	1,947	5,176	0.2	1,147	0	5,176	1,725	16,953	16,105	3,294
San Juan	8,957	74,302	41,216	124,475	3.7	18,269	22,040	102,435	34,145	58,853	61,796	65,185
Sanpete	39,974	2,712	4,134	46,820	1.4	-7,911	0	46,820	15,607	56,430	53,609	29,794
Sevier	22,863	12,455	8,170	43,488	1.3	9,916	0	43,488	14,496	33,955	32,257	27,674
Uintah	186,894	54,375	50,186	291,455	8.6	-30,716	59,739	231,716	77,239	105,182	110,441	147,464
Utah	195,093	177,832	242,937	615,862	18.2	110,421	182,800	433,062	144,354	171,222	179,783	275,581
Wasatch	144,411	53,121	26,914	224,446	6.6	193	83,399	141,047	47,016	67,227	70,588	89,756
Washington	163,913	67,626	18,145	249,684	7.4	-66,310	92,500	157,184	52,395	122,813	116,672	100,025
Wayne	202	0	23,831	24,033	0.7	23,831	0	24,033	8,011	15,722	15,294	15,294
TOTALS	1,490,125	864,737	1,033,371	3,388,233			885,918	2,502,315	834,105	1,592,362	1,577,336	1,592,360

UAC INSURANCE MUTUAL

EXCESS

COUNTY	TOTAL PREMIUM INSURABLE PROPERT	NUMBER OF AUTO LIAB	PREMIUM EXPENDITURE	TOTAL PREMIUM LIABILITY	NUMBER OF EMPLOYEE	PREMIUM E&O	PREMIUM EXCESS	%		
Beaver	16,252,630	2,828	39	3,860	3,458,187	971	50	1,628	9,287	2.0
Box Elder	27,782,881	4,833	129	12,769	18,468,370	5,184	152	4,950	27,736	5.9
Cache	27,020,729	4,701	173	17,124	18,401,906	5,165	200	6,513	33,503	7.1
Davis	51,930,614	9,034	213	21,084	40,200,000	11,284	563	18,333	59,735	12.6
Duchesne	24,712,054	4,299	103	10,195	6,450,000	1,810	144	4,689	20,994	4.4
Emery	12,478,584	2,171	121	11,977	10,796,964	3,031	156	5,080	22,259	4.7
Garfield	8,599,320	1,496	46	4,553	4,518,398	1,268	85	2,768	10,086	2.1
Grand	10,507,134	1,828	50	4,949	9,589,616	2,692	120	3,908	13,377	2.8
Iron	25,088,993	4,365	88	8,711	8,512,470	2,389	207	6,741	22,206	4.7
Juab	17,791,757	3,095	66	6,533	3,257,593	914	55	1,791	12,334	2.6
Kane	7,064,920	1,229	49	4,850	2,200,000	618	54	1,758	8,455	1.8
Millard	17,879,148	3,110	116	11,482	10,996,311	3,087	110	3,582	21,261	4.5
Piute	4,253,217	740	22	2,178	1,169,000	328	24	782	4,027	0.8
Rich	2,826,404	492	35	3,464	1,444,378	405	39	1,270	5,632	1.2
San Juan	15,931,600	2,772	152	15,046	10,489,331	2,944	127	4,136	24,897	5.3
Sanpete	5,817,951	1,012	55	5,444	5,109,137	1,434	82	2,670	10,561	2.2
Sevier	14,377,318	2,501	97	9,602	8,571,000	2,406	90	2,931	17,439	3.7
Uintah	31,901,956	5,550	106	10,492	24,700,000	6,933	200	6,513	29,488	6.2
Utah	73,896,168	12,856	213	21,084	44,001,145	12,351	623	20,287	66,578	14.0
Wasatch	15,332,057	2,667	87	8,612	5,181,403	1,454	126	4,103	16,836	3.6
Washington	26,026,571	4,528	115	11,383	32,572,500	9,143	200	6,513	31,567	6.7
Wayne	3,288,947	572	41	4,058	1,995,125	560	16	521	5,712	1.2
TOTALS	440,760,953	76,680	2,116	209,452	272,082,834	76,371	3,423	111,466	473,969	

UAC INSURANCE MUTUAL

EXPENSE

TOTALS

COUNTY	PRO-RATA	PER MEMBER EXPENSE	%	1996 PREMIUM	1997 PREMIUM	1998 PREMIUM	% VARIANCE	without 5% cap	with 5% cap
Beaver	9,106	11,091	2.9	59,350	57,883	58,467	2.1	58,467	60,777
Box Elder	33,693	11,091	6.4	205,051	196,010	186,390	6.8	186,390	186,210
Cache	38,341	11,091	7.0	217,715	216,356	210,576	7.6	210,576	205,538
Davis	56,497	11,091	9.6	281,131	287,812	302,203	11.0	305,036	302,203
Duchesne	16,598	11,091	3.9	95,455	99,073	97,450	3.5	97,450	94,119
Emery	32,971	11,091	6.3	227,427	216,056	205,253	7.5	182,635	205,253
Garfield	10,490	11,091	3.1	64,768	68,006	65,669	2.4	65,669	64,606
Grand	15,440	11,091	3.8	87,925	92,321	91,424	3.3	91,424	87,705
Iron	27,577	11,091	5.5	168,363	161,636	154,572	5.6	154,572	153,554
Juab	14,241	11,091	3.6	82,413	86,226	85,183	3.1	85,183	81,915
Kane	8,975	11,091	2.9	66,234	62,922	59,776	2.2	57,785	59,776
Millard	15,802	11,091	3.8	92,461	89,182	93,308	3.4	93,308	93,641
Piute	2,469	11,091	1.9	14,375	15,578	16,357	0.6	23,939	16,357
Rich	5,172	11,091	2.3	36,451	38,274	38,000	1.4	38,000	36,360
San Juan	20,627	11,091	4.5	108,595	113,106	118,411	4.3	118,411	118,761
Sanpete	15,268	11,091	3.8	101,226	96,165	91,357	3.3	90,528	91,357
Sevier	11,824	11,091	3.3	73,007	76,657	72,824	2.6	72,612	72,824
Uintah	33,294	11,091	6.3	161,373	169,442	177,914	6.5	184,314	177,914
Utah	58,617	11,091	9.9	274,562	288,290	302,705	11.0	316,069	302,705
Wasatch	20,801	11,091	4.5	108,024	114,093	119,317	4.3	119,317	119,798
Washington	35,271	11,091	6.6	193,030	194,370	194,601	7.1	194,601	204,089
Wayne	4,998	11,091	2.3	33,803	35,493	37,095	1.3	37,095	37,268
TOTALS	488,073	244,002	732,075	2,752,739	2,774,951	2,778,851	3,900	2,783,380	2,772,728

UAC INSURANCE MUTUAL

ADDITIONAL EARTHQUAKE & FLOOD COVERAGE

COUNTY	TOTAL INSURABLE VALUE	COST FOR 20 MILLION LIMIT
Beaver	16,252,630	2,030
Box Elder	27,782,881	3,470
Cache	27,020,729	3,374
Davis	51,930,614	6,485
Iron	25,088,993	3,133
Kane	7,064,920	882
Millard	17,879,148	2,233
Utah	73,896,168	9,228
Wasatch	15,332,057	1,915
Washington	26,026,571	3,250
TOTALS	288,274,711	36,000

UACIM MEMBER EQUITY PLAN

It is understood that the surplus in UAC Insurance Mutual shall be attributable to the members as equity. Equity in the Mutual shall be used to satisfy the surplus requirements of the Utah Insurance Code, and any other applicable regulation, and next to repay the debentures after which repayment equities may be available for distribution to the members at the discretion of the Board of Trustees.

Member equities in UACIM shall be calculated as follows:

1. The ratio of each member's contributions to the total contributions shall be computed for each fund year.
2. The member's contribution ratio shall be multiplied by the total surplus, (less any borrowed surplus), attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in UACIM.
3. In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
4. In the event of a voluntary withdrawal or an involuntary termination of membership, a the withdrawn or terminated member will shall lose and have no claim to any equity in UACIM. The equity formerly attributed to that member for each fund year shall be redistributed allocated to the remaining counties who were members during that fund year. (OPTIONAL:) In the event of an involuntary termination, the UACIM Board of Trustees may, in its sole discretion, allow the terminated member to either receive or retain all or part of its previously allocated equity. However, in no event shall the terminated member receive equity attributable to any period following the date of termination.
5. The Board of Trustees in its sole discretion shall determine if and when equity is distributed.

PROPOSED INVERSE CONDEMNATION ENDORSEMENT
October 9, 1997

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART, AND

PUBLIC OFFICIALS LIABILITY COVERAGE FORM, AS FOLLOWS:

Effective on January 1, 1997, coverage for inverse condemnation shall be amended to provide defense only up to a maximum limit of \$25,000.00 per occurrence. This policy statement and coverage of defense costs for inverse condemnation shall not waive other defenses to coverage that may exist.

A RESOLUTION OF THE UTAH ASSOCIATION OF COUNTIES
INSURANCE MUTUAL ADOPTING A POLICY CONCERNING MID-TERM
PREMIUMS FOR NEWLY ACQUIRED PROPERTIES

WHEREAS, the Utah Association of Counties Insurance Mutual, (hereinafter referred to as "UACIM"), has purchased excess insurance on behalf of its members; and

WHEREAS, such excess insurance contains an endorsement that reads as follows: "... [the excess insurer] may examine and audit your books and records at any time during the policy period and up to three years afterward. If, however, major exposure changes are reported and policy premium adjustments are made during the policy term, no audit will be conducted. If major exposure changes occur but are not reported, a final audit may be conducted"; and

WHEREAS, UACIM, by and through its Board of trustees, deems it appropriate to clarify the policy of UACIM concerning the payment of premiums mid-term for newly acquired properties.

NOW, THEREFORE, the policy of UACIM concerning such premiums is as follows: Members shall report all newly acquired properties within 30 days of acquisition. Effective January 1, 1998, in the event that the excess carrier assesses an additional premium for newly acquired property in accordance with the terms of the policy, such premium shall be paid by the member acquiring that property.

REQUEST FOR PROPOSAL

I. PROFILE

Utah Association of Counties Insurance Mutual (UACIM) is requesting proposals for the provision of certain accounting services. UACIM is a public agency insurance mutual operating for participating counties and under the laws of the State of Utah. UACIM plans to utilize accounting services for the preparation of monthly financial statements, quarterly reports, and annual yellow blank, for a fully funded insurance mutual program. The information provided in this proposal should be used only for preparing a written proposal to provide accounting services for UACIM. Participation in this selection process constitutes the firm's agreement that all information provided by UACIM in this proposal will be maintained on a confidential basis and will not be distributed to any third party.

II.

SERVICES

UACIM currently maintains accounts with the Public Treasurers Investment Fund and with First Security Bank. Each Month UACIM staff uses the Quickbooks accounting system to provide reconciliations and check registers. Accountants use that information to provide the following services:

- A. Monthly Financial Statements
- B. Quarterly Reports
- C. Annual Yellow Blank
- D. Statutory Filings with Utah Department of Insurance and NAIC
- E. Consultation

III. SELECTION PROCESS

The UACIM Board of Trustees will make a preliminary selection of service providers based on written proposal and related information at a predetermined date. Please provide, in detail, the following information regarding services to be considered by the UACIM Board.

- A. Describe your firm, including the number of employees and location of offices. Identify the office location which would be serving UACIM and the number of employees in that office.
- B. Describe by name the staff that will be assigned to prepare the financial statements for UACIM.
- C. Describe the range of services provided by your firm in the area of municipal finance, including any work that may have been done with other governmental or insurance type entities.
- D. Supply a list of recent insurance industry or local government audits performed by your organization. Include a list of at least three references of clients who may be contacted concerning your services.
- E. The proposal should be based on a three year fee schedule. Each of the three years shall be priced individually. It is understood that the second and third years may need to be renegotiated, as requirements and needs become clear. Bid on both a cost per hour basis with a "not to exceed amount" and on a flat fee basis. Additionally, provide a separate schedule showing the cost per hour for each of the field staff as identified in item B.
- F. Describe the activities that you will expect the UACIM staff to engage in to assist you in completing the monthly, quarterly and annual reports/statements and provide an estimate of the amount of time that will be required to complete them.
- G. The proposal should contain a quotation of fees for the services to be provided, and include an allocation of time for consultation.

IV. TIME LINE

November 15, 1997 Deadline for Receiving Written Proposals
 December 1, 1997 Final Decision
 January 1, 1998 Effective Date of Contract

V. SELECTION CRITERIA

The selection criteria used to evaluate the proposals follow:

- A. Competency of personnel assigned to UACIM's account.

- B. Ability to provide responsive service in terms of personnel, location or technical expertise.
- C. Chemistry between UACIM personnel and individuals assigned to the UACIM account.
- D. Knowledge of and experience in handling accounts for public agency insurance mutuels, insurance companies and/or insurance pools.
- E. Ability to anticipate client's needs and initiate discussions to address needs.
- F. Fees.

VI. RIGHTS RESERVE WITH RESPECT TO AWARD

Upon evaluation of the proposals, UACIM may meet with one or more of the highest ranking proposers as necessary to reach a mutual and complete understanding of the services to be provided prior to the award. UACIM proposes to award one contract for this overall account. UACIM reserves the right to restate and/or renegotiate with the firm such additions, deletions, changes or clarifications of the provisions of the contract as may be necessitated by law or changed circumstances.

VII. REJECTION OF PROPOSALS

UACIM reserves the right to reject any and all proposals received and response to this RFP. Non acceptance of any proposal will not imply any criticism that the proposal or proposed system was deficient.

VIII. CONTACT

Please direct all questions and correspondence to:

Mr. Brett Rich, J.D.
 Director, UACIM
 4021 South 700 East
 Suite 180
 Murray, UT 84107
 Phone # 801-265-1331
 Fax # 801-265-9485

Utah Association of Counties
1998 'Excess Liability
Premium Allocation

LINE OF BUSINESS	# of Vehicles	% of Total	Prem Alloc. Auto	Expenditures	% of Total	Prem. Alloc/Other	Premium Total
COUNTY NAME							
BEAVER	39	2%	\$415	3,458,187	1%	\$286	\$701
BOX ELDER	129	6%	\$1,372	18,468,370	7%	\$1,527	\$2,899
CACHE	173	8%	\$1,840	18,401,906	7%	\$1,522	\$3,361
DAVIS	213	10%	\$2,265	40,200,000	15%	\$3,324	\$5,589
DUCHESNE	103	5%	\$1,095	6,450,000	2%	\$533	\$1,629
EMERY	121	6%	\$1,287	10,796,964	4%	\$893	\$2,179
GARFIELD	46	2%	\$489	4,518,398	2%	\$374	\$863
GRAND	50	2%	\$532	9,589,616	4%	\$793	\$1,325
IRON	88	4%	\$936	8,512,470	3%	\$704	\$1,640
JUAB	66	3%	\$702	3,257,593	1%	\$269	\$971
KANE	49	2%	\$521	2,200,000	1%	\$182	\$703
MILLARD	116	5%	\$1,233	10,996,311	4%	\$909	\$2,143
PIUTE	22	1%	\$234	1,169,000	0%	\$97	\$331
RICH	35	2%	\$372	1,444,378	1%	\$119	\$492
SAN JUAN	152	7%	\$1,616	10,489,331	4%	\$867	\$2,484
SANPETE	55	3%	\$585	5,109,137	2%	\$423	\$1,007
SEVIER	97	5%	\$1,031	8,571,000	3%	\$709	\$1,740
UINTAH	106	5%	\$1,127	24,700,000	9%	\$2,043	\$3,170
UTAH	213	10%	\$2,265	44,001,145	16%	\$3,639	\$5,904
WASATCH	87	4%	\$925	5,181,403	2%	\$428	\$1,354
WASHINGTON	115	5%	\$1,223	32,572,500	12%	\$2,694	\$3,916
WAYNE	41	2%	\$436	1,995,125	1%	\$165	\$601
POLICY TOTALS	2116	100%	\$22,500	272,082,834	100%	\$22,500	\$45,000

